

Why Become an IC Physician?

For most physicians, leaving the comforts of an employed position (W-2) to pursue an independent contractor position (1099) is daunting. Or perhaps you weren't given much choice and you're unsure if this endeavor is the right fit. Rest assured, we understand your concerns. 95% of our clients are physicians and this isn't a part of your training. You have lots of questions and we are happy to answer each one of them.

There are some great resources on our website, including videos that break down the concepts mentioned below. If you have questions/concerns, contact us to schedule a "Zero Call." Zero: judgments, pressure, expectations, commitment, or cost.

The IC model isn't for everyone, but if done the right way, it can positively impact your bottom line year in and year out. After all, it's not about how much money you earn, it's about how much money you keep. As a bonafide business owner, you can implement many strategies that will allow you to do just that...we call these strategies the 5 MIZES.

→ Optimize

ICs can contribute \$69k/year into a Solo 401k or a SEP IRA (\$76.5k if 50 or older). If that's not enough, you can contribute to a Defined Benefit* Plan or add your spouse on the payroll and contribute on their behalf. This is a big deal because every dollar you contribute could potentially reduce your taxable income.

→ Maximize

Deduct business expenses such as your cell phone, computer, tablets, health insurance, home office, pro-rata utilities, CPA fees, CME trips, meals, and even your car. Some of our IC docs even add their children to the payroll for additional savings. Our favorite deduction? The annual business retreat...Hawaii anyone?

→ Customize/Fleximize

As an IC, you can customize your health/disability/life insurance, retirement contributions and other investments. Do what's best for your family...no cookie cutter plans here. Once you taste the freedom & flexibility of being an IC, you won't want to go back. No non-competes, no restrictions, no problems.

→ Minimize

As an IC, you can minimize your taxable income (in addition to retirement contributions and business expenses).

- Qualified Business Income deduction (QBI, i.e. Section 199a): allows eligible self-employed and small-business owners to deduct up to 20% of their qualified business income on their taxes.** Potential savings: \$12-\$15k/year.
- PTE Level Tax: some states will allow you to pay your state income tax via your LLC*** and get a federal deduction. Potential savings: \$4-\$5k/year.
- Self-employment tax (SET): as in IC, you're the employer & the employee which means you have to pay 12.4% on social security tax (up to \$168.6k) and about 2.9% on medicare. By creating an LLC*** and paying yourself a lower wage via W-2, you can significantly reduce your SET.

*55+ year old docs can potentially contribute \$200k+ pre-tax.

**If your joint income is under \$383.9k. There are many ways to reduce your income to get under this threshold (for example, utilizing a Defined Benefit Plan).

***Taxed as an S-corporation. Some states utilize a PLLC or a PC. In some situations, you may be better off without an LLC and file via Schedule C. Please consult your tax advisor.

